

2009 DRAFTING REQUEST

Bill

Received: **01/19/2009**

Received By: **tkuczens**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Weidner**

This file may be shown to any legislator: **NO**

Drafter: **tkuczens**

May Contact:

Addl. Drafters:

Subject: **Econ. Development - bus. dev.**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Weidner, BB0478 -

Topic:

Equity Investment in Minority Businesses

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/P1	tkuczens 01/20/2009	wjackson 01/20/2009	rschluet 01/20/2009	_____	cduerst 01/20/2009		

FE Sent For:

<END>

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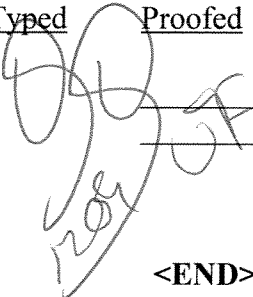
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/?	tkuczens	/p/wlj 1/20					

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<END>

2007-09 Budget Bill Statutory Language Drafting Request

- Topic: Equity investment in Minority Businesses
- Tracking Code: BB0478
- SBO team: General Government and Economic Development
- SBO analyst: Jenna Weidner
 - Phone: x 6-7329
 - Email: jenna.weidner@wisconsin.gov
- Agency acronym: COM
- Agency number: 143
- Priority (Low, Medium, High): High

x ref:

500.036 (1)(c)

(1)(c) / 84.075(1) en
↓
84.076(1)(c) aw
in to (1)(c)

Intent: To adjust the certification requirements for minority owned businesses.

Background:

- Under current law, a minority business may be certified if it is 51% minority owned, controlled and actively managed
- This 51% ownership standard serves as a barrier to minority firms that wish to use venture capital to expand in cases where the infusion of capital causes the minority group member's ownership interest to drop below 51%.

Proposal:

- A minority business may be certified as a minority "controlled" enterprise if the minority owners own at least 30% of the economic equity of the firm. These criteria must also be met:
 - Minority management/owners control the day-to-day operations of the firm
 - Minority management/owners retain a majority (no less than 51%) of the firm's voting equity *Shareholders?*
 - Minority owners operationally control the board of directors (i.e., must appoint a majority of the board of directors)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1628/2

TKK:Y:....

Wlj Rmrun

DOA:.....Weidner, BB0478 - Equity Investment in Minority Businesses

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1/20/09

Do Not Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

✓ COMMERCE AND ECONOMIC DEVELOPMENT

✓ ECONOMIC DEVELOPMENT

Under current law, ~~businesses that are~~ at least 51 percent owned, controlled, and actively managed by an eligible minority group member or members ~~may be certified by the Department of Commerce (Commerce)~~ as a minority business. A business certified by Commerce may receive certain preferences in governmental procurement.

This bill permits Commerce to certify ~~businesses that are~~ ^a ~~is~~ at least 30 percent owned by an eligible minority group member or members, provided the minority group member or members control the day-to-day operations of the business, control at least 51 percent of the voting rights of the equity shares of the business, and appoint no less than 51 percent of the members of the board of directors of the business.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 560.036 (1) (e) 1. (intro.) of the statutes is renumbered 560.036 (1)
2 (e) ^(intro.) and amended to read:

3 560.036 (1) (e) ^(intro.) "Minority business" means a sole proprietorship, partnership,
4 limited liability company, joint venture, or corporation that is currently performing
5 a useful business function and fulfills both one of the following requirements:

History: 1983 a. 390; 1985 a. 182 s. 57; 1987 a. 27, 403; 1989 a. 31; 1991 a. 37, 39, 189; 1993 a. 112; 1997 a. 27; 1999 a. 150 s. 672; 2007 a. 196. ✓

6 **SECTION 2.** 560.036 (1) (e) 1. a. of the statutes is renumbered 560.036 (1) (e) 2.

7 **SECTION 3.** 560.036 (1) (e) 1. b. [↓] of the statutes is repealed.

8 **SECTION 4.** 560.036 (1) (e) 3. [↓] of the statutes is created to read:

9 560.036 (1) (e) 3. It is at least 30 percent owned by a minority group member
10 or members who are U.S. citizens or persons lawfully admitted to the United States
11 no permanent residence, as defined under 8 USC 1101 (a) (20) and it fulfills all of the
12 following criteria:

13 a. Its day-to-day operations are controlled by the minority group member or
14 members.

15 b. At least 51 percent of any voting rights attached to its equity securities ^{are}
16 held by the minority group member or members. STET

17 c. At least 51 percent of the members of its board of directors ^{are}
18 the minority group member or members.

19 **SECTION 5.** 84.075 (1) [↓] of the statutes is amended to read:

20 84.075 (1) In purchasing services under s. 84.01 (13), in awarding construction
21 contracts under s. 84.06 and in contracting with private contractors and agencies
22 under s. 84.07, the department shall attempt to ensure that 5% of the total amount
23 expended in each fiscal year is paid to contractors, subcontractors and vendors which
24 are minority businesses, as defined under s. 560.036 (1) (e) 1. [↓] In attempting to meet

- 1 this goal, the department may award any contract to a minority business that
2 submits a qualified responsible bid that is no more than 5% higher than the low bid.

History: 1983 a. 27; 1983 a. 390 ss. 4, 6; 1987 a. 27.

- 3 **SECTION 6.** 84.076 (1) (c) of the statutes is amended to read:

- 4 84.076 (1) (c) "Minority business" has the meaning given under s. 560.036 (1)
5 (e) 1.

History: 1987 a. 399; 1989 a. 31; 1991 a. 39; 1993 a. 112; 1995 a. 113; 1997 a. 27; 2001 a. 16.

- 6 (END)



State of Wisconsin
2009 - 2010 LEGISLATURE

LRB-1628/P1

TKK:wlj:rs

DOA:.....Weidner, BB0478 - Equity Investment in Minority Businesses

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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COMMERCE AND ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

Under current law, the Department of Commerce (Commerce) may certify a business that is at least 51 percent owned, controlled, and actively managed by an eligible minority group member or members as a minority business. A business certified by Commerce may receive certain preferences in governmental procurement.

This bill permits Commerce to certify a business that is at least 30 percent owned by an eligible minority group member or members, provided the minority group member or members control the day-to-day operations of the business, control at least 51 percent of the voting rights of the equity shares of the business, and appoint no less than 51 percent of the members of the board of directors of the business.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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5 expended in each fiscal year is paid to contractors, subcontractors and vendors which
6 are minority businesses, as defined under s. 560.036 (1) (e) 1. In attempting to meet
7 this goal, the department may award any contract to a minority business that
8 submits a qualified responsible bid that is no more than 5% higher than the low bid.

9 **SECTION 2.** 84.076 (1) (c) of the statutes is amended to read:

10 84.076 (1) (c) "Minority business" has the meaning given under s. 560.036 (1)
11 (e) 1.

12 **SECTION 3.** 560.036 (1) (e) 1. (intro.) of the statutes is renumbered 560.036 (1)
13 (e) (intro.) and amended to read:

14 560.036 (1) (e) (intro.) "Minority business" means a sole proprietorship,
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24 following criteria:

1 a. Its day-to-day operations are controlled by the minority group member or
2 members.

b. At least 51 percent of any voting rights attached to its equity securities are held by the minority group member or members.

c. At least 51 percent of the members of its board of directors are appointed by the minority group member or members.

7 (END)